Voyant Americas

Comprehensive Analysis

InMode Ltd. (INMD – $34.38)

March 14, 2022*

InMode Ltd. (INMD) develops and sells aesthetic medical equipment and consumables. The Company primarily uses third party manufacturers to produce its products. InMode sells its products through regional distributors and through a direct sales force to OB/gyns, ENTs, ophthalmologists, GPs, and aesthetic clinicians. The Company was founded in 2008 and is headquartered in Yokneam, Israel. Its fiscal year ends on 12/31.

Thesis Summary

We are concerned InMode's aversion to the industry-standard razor/razorblade model may limit its recurring revenue opportunity as system installed base saturation increases. In addition, we are concerned competitor razor/razorblade pricing (i.e. low system price to incentivize adoption and higher consumable pricing) may incentivize installation and expansion relative to InMode. In our view, evidence of limited equipment utilization may pressure system sales and deter expansion. We are concerned materially above peer-group gross margins may be unsustainable given limited international patent protection, a highly competitive environment, unsustainably low shipping costs, and a related party subcontractor relationship. Our margin concerns are heightened given international/distributor revenue penetration expansion and evidence equipment is sold for materially less in international markets. In our view, a competitor IPO may increase competitive investment. Our concerns are heightened given competitor growth/share expansion. We are concerned persistent product development delays highlight product development challenges. We are concerned elevated finished goods levels highlight overestimated demand. Elevated supplier advances and committed subcontractor inventory heighten our concerns and may mask a portion of the inventory increase. In our view, elevated DSOs and distributor count expansion highlight (1) an initial distributor sell-in (i.e. elevated channel inventory levels), (2) a back-end weighted quarter, and/or (3) extended credit terms. Depressed deferred revenue, elevated working capital cash consumption, and persistent insider selling heighten our earnings sustainability concerns. **We are initiating INMD on *The Short List*.**

Company Data	
Country/Exchange	US/NASDAQ
Shares Outstanding (mil)	83.2
Float (mil)	68.9
Short Interest (mil)	5.3
% of Float Short	7.7%
Average Volume (mil)	$60.6
52 Week Range	$31.88 – $99.27
Dividend Yield	0.0%
Market Cap (bil)	$2.9
Net Cash (bil)	$0.4
Enterprise Value (bil)	$2.5
FY 21 Rev (mil)/Rev Growth	$357.6 / 73.5%
FY 21 Adj. Operating Income (mil)	$178.6
FY 21 GM %/Change	85.0% / 0 bps
FY 21 Adj. Operating Margin %/Chg	50.0% / 840 bps

Valuation (as of report date)	
NTM P/S	6.8x
NTM EV/ EBITDA	12.7x
NTM P/E	16.5x

Consensus Estimate Drift

	EST	1M Ago	6M Ago	1YR Ago
Q1 22 Rev	$80.0	$80.0	$78.6	$61.7
FY 22 Rev	$423.6	$423.6	$371.0	$310.6
FY 23 Rev	$491.2	$491.2	$430.5	$358.9
Q1 22 EPS	$0.36	$0.36	$0.39	$0.28
FY 22 EPS	$2.09	$2.09	$1.75	$1.36
FY 23 EPS	$2.39	$2.39	$2.03	$1.58

Peers Mentioned In This Report
Bausch Health Companies Inc. (BHC)
Candela Medical, Inc. (CDLA)
Solta Medical Corporation (SLTA)

Catalysts and Timing
Revenue growth slows as installed base saturation increases.
Competitor growth/investment drives share pressure.
Elevated channel inventory drives revenue pressure.
Gross margins deteriorate below expectations.

*** All research is completed as of 4:00PM – 4:15PM Eastern Time unless otherwise noted.**
Please refer to the end of this report for an updated version of *The Short List*.

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Background

Company Background

Company description: InMode Ltd. (INMD) develops and sells aesthetic medical equipment and consumables. The Company primarily uses third party manufacturers to produce its products. InMode sells its products through regional distributors and through a direct sales force to OB/gyns, ENTs, ophthalmologists, GPs, and aesthetic clinicians. The Company was founded in 2008 and is headquartered in Yokneam, Israel. Its fiscal year ends on 12/31.

Revenue by technology: In FY 21, minimally invasive devices accounted for 72.0% of revenue, hands-free accounted for 20.0%, and non-invasive accounted for 8.0%. The Company's devices use radio frequency, lasers, heat, and intense pulsed light to remodel body tissue, remove fat, tighten and rejuvenate skin, and remove hair, among other procedures. Minimally invasive devices require small or no incision and do not require anesthesia. Non-invasive procedures do not require the introduction of medical instruments into the body. Hands-free devices deliver radio frequency or other treatments through applicators placed over the patient's body or face.

FY 21 Segment Analysis (as % of total)	Revenue
Minimally invasive	72.0%
Hands-free	20.0%
Non-invasive	8.0%
Total	100.0%

Results by product category: In FY 21, capital equipment accounted for 89.3% of revenue, while consumables and services accounted for 10.7%. In its FY 21 20F, the Company disclosed its equipment (i.e. medical aesthetic products) consisted of platforms and non-consumable handpieces and hands-free applicators. The Company indicated its installed platform base used various multi-use applicators and single-use consumables. In addition, the Company disclosed services revenue primarily related to warranties. The Company guided for consumables and service revenue to increase over time as it expands its installed base.

FY 21 Segment Analysis (as % of total)	Revenue
Capital equipment	89.3%
Consumables and service revenue	10.7%
Total	100.0%

Revenue by geography and sales channel: In FY 21, the US accounted for 66.4% of revenue, while international accounted for 33.6%. In its FY 21 20F, the Company disclosed it sold its products through a direct sales force in the US, Canada, UK, Spain, India, Australia, and France and through a network of distributors in 61 countries. The Company guided to expand its international direct sales force to further penetrate the global market.

> As of December 31, 2021, we sell and market our products in the United States, Canada, United Kingdom, Spain, India, Australia and France, through a direct sales force of approximately 170 representatives. We also sell and market our products through 49 distributors in 61 countries. (FY 21 20-F)

FY 21 Segment Analysis (as % of total)	Revenue
US	66.4%
International	33.6%
Total	100.0%

Seasonality: In its FY 21 20F, the Company disclosed it typically experienced stronger sales in Q4 in correlation with its customers' budget cycles. In addition, on its Q2 21 Conference Call on 07/28/21, the Company represented Q3 was typically the slowest quarter as patients schedule fewer aesthetic procedures in the summer.

Competition: In its FY 21 20F, InMode disclosed it competed with products offered by Abbvie, Apyx, BTL Aesthetics, Candela, Cutera, Cynosure, Lumenis, Merz, Sisram, Valeant, Venus, and Viveve.[1] In addition, InMode competes with medical aesthetic products including Botox, hyaluronic acid injections, and collagen injections and aesthetic procedures such as liposuction, sclerotherapy, electrolysis, chemical peels, and laser procedures.

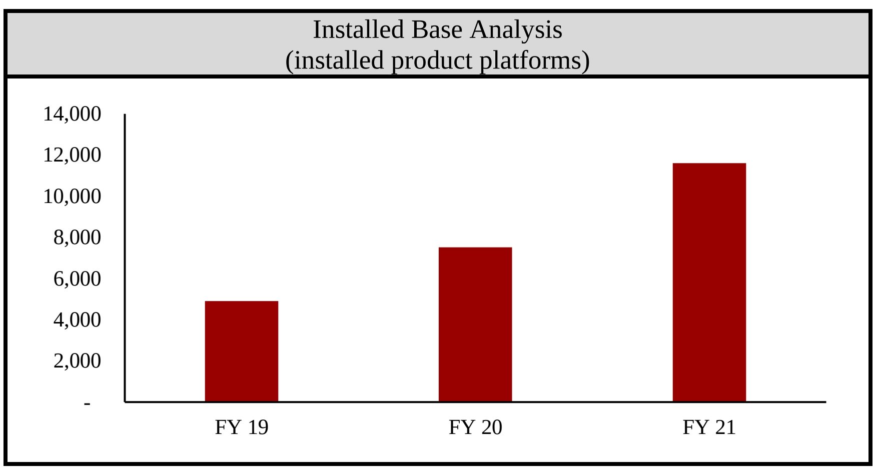
[1] AbbVie Inc. (ABBV), Apyx Medical Corporation (APYX), BTL Aesthetics, Inc. (private), Candela Medical Inc. (CDLA), Cutera, Inc. (CUTR), Cynosure LLC (private), Lumenis Ltd. (private), Merz Pharma Group (private), Sisram Medical Ltd. (1696.HK), Bausch Health Companies Inc. (BHC), Venus Concept Inc. (VERO), and Viveve Medical, Inc. (VIVE).

Voyant's Earnings Risk Assessment

We are concerned InMode's aversion to the industry-standard razor/razorblade model may limit its recurring revenue opportunity as system installed base saturation increases. In addition, we are concerned competitor razor/razorblade pricing (i.e. low system price to incentivize adoption and higher consumable pricing) may incentivize installation and expansion relative to InMode. In our view, evidence of limited equipment utilization may pressure system sales and deter expansion. We are concerned materially above peer-group gross margins may be unsustainable given limited international patent protection, a highly competitive environment, unsustainably low shipping costs, and a related party subcontractor relationship. Our margin concerns are heightened given international/distributor revenue penetration expansion and evidence equipment is sold for materially less in international markets. In our view, a competitor IPO may increase competitive investment. Our concerns are heightened given competitor growth/share expansion. We are concerned persistent product development delays highlight product development challenges. We are concerned elevated finished goods levels highlight overestimated demand. Elevated supplier advances and committed subcontractor inventory heighten our concerns and may mask a portion of the inventory increase. In our view, elevated DSOs and distributor count expansion highlight (1) an initial distributor sell-in (i.e. elevated channel inventory levels), (2) a back-end weighted quarter, and/or (3) extended credit terms.   Depressed deferred revenue, elevated working capital cash consumption, and persistent insider selling heighten our earnings sustainability concerns. **We are initiating INMD on *The Short List*.**

Razor/Razorblade Model Aversion May Limit Recurring Revenue Opportunity

Background on installed base: In FY 21, the Company's installed base increased 4,080 devices to 11,600 devices. In its FY 21 20F, the Company disclosed its installed base consisted of product platforms capable of using various multi-use applicators and minimally invasive consumables. The Company's product platforms include BodyTite, Optimas, EmbraceRF, Votiva, Morpheus8, EmpowerRF, Contoura, Triton, EvolveX, and Evoke, among others. On its Q4 21 Conference Call on 02/10/22, the Company guided for installed base expansion to drive equipment utilization.

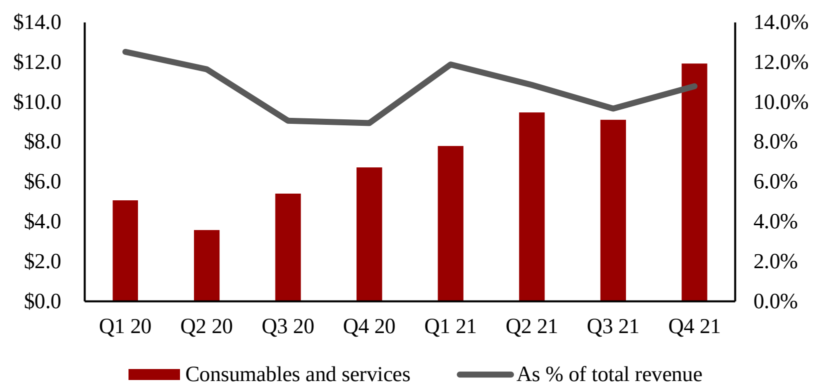


Consumables and services historically accounted for a limited percent of revenue: In Q4 21, consumables and services revenue (as a percent of total revenue) increased 77.5% (190 basis points) year-over-year to $11.9 million (10.8%). On its Q4 21 Conference Call, the Company represented it charged a "reasonable" price for consumables to encourage doctors to utilize the equipment and approximately 55.0% of its platforms required consumables to operate. In its FY 21 20F, the Company disclosed certain devices used various multi-use applicators, but its minimally invasive (i.e. penetrates the skin) equipment required single use consumables. Given minimally invasive equipment revenue accounted for 72.0% of FY 21 revenue, we believe most consumables sold are single use.

> But again, I would like to say it again, we are not razor and razorblade company. We do not sell the system for less or would do not give the system for free, just to charge high price for disposable. We know that

some companies in the medical esthetic did in the past and they failed. And therefore, we charge for the system, and we price the disposable in a reasonable price in order to encourage doctor to use more and more, and to have more treatment. I think this is the right approach and the right philosophy, and this is, basically, our strategy. (CEO Mr. Moshe Mizrahy, Q4 21 Conference Call, 02/10/22)

Consumables and Services Revenue Analysis
($ in millions)



Razor/blade model aversion may limit recurring revenue and/or growth as installed base saturates: On its Q4 21 Conference Call, the Company guided for disposables to account for 14.5% of revenue at midpoint once its installed base reaches 22,500 at midpoint.[2] In addition, the Company emphasized it was not a razor/razorblade company and did not sell its systems for less only to charge a higher consumables price. In our view, the guidance for limited consumable revenue contribution expansion (i.e. from approximately 11.0% to 15.0%) despite the installed base approximately doubling (i.e. from 11,600 to 22,500) highlights limited recurring revenue. While we acknowledge InMode may continue to have an opportunity to expand its installed base in the near-to-medium term, **we believe selling platforms at a high price and consumables for relatively less may limit recurring revenue contribution (i.e. consumables sold to existing installed base customers) and/or portend revenue pressure as platform sales slow (i.e. as installed base saturation increases). In addition, we are concerned competitors who operate a razor/razorblade model may have certain advantages relative InMode (discussed next).**

> I would like to say it again, **we are not razor and razorblade company. We do not sell the system for less or would do not give the system for free, just to charge high price for disposable**. We know that some companies in the medical esthetic did in the past and they failed. And therefore, we charge for the system, and we price the disposable in a reasonable price in order to encourage doctor to use more and more, and to have more treatment. I think this is the right approach and the right philosophy, and this is, basically, our strategy. (CEO Mr. Moshe Mizrahy, Q4 21 Conference Call, 02/10/22) [emphasis added]

Competitors significant recurring revenue and sales to existing customers highlight business model risk: Throughout the course of our research, we identified competitors with significant recurring revenue and/or sales to existing customers. In our view, competitors may offer systems at lower selling prices to drive installations/expansion and make up for the lower priced systems through material consumable sales. We are concerned competitors' razor/razorblade type offerings may align customer cash outflows (i.e. consumables) with cash inflows (i.e. procedures) and provide less system adoption/expansion friction relative to the higher priced InMode systems. We have included competitor commentary below:

- **Thermage FLX pricing may incentivize installation/expansion and reduce sales friction, in our view:** In its S1, Solta disclosed the Thermage FLX device (a radio frequency therapy used to smooth, tighten, and contour skin) was priced to create an "attractive investment" opportunity for customers and highlighted typical customers

[2] Based on our understanding of representations made to us by the Company, the Q4 21 Conference Call Company commentary guided for 14.0% to 15.0% of revenue from consumables when the Company achieved an installed base 20,000 to 25,000 despite the Q4 21 Conference Call transcript (per FactSet and Sentieo) highlighting a 40.0% to 50.0% penetration.

break even on their investment "in a matter of months, not years."[3] We believe Thermage's equipment may be priced to drive installations and expansion (i.e. low-priced equipment to drive consumable usage). For example, in the nine-months ended Q3 21, recurring revenue (consumables and services) accounted for 74.0% of Thermage revenue. Accordingly, we believe Thermage FLX device pricing may be more attractive (i.e. less upfront commitment) than InMode and our competitive concerns are heightened.

> We believe that customers who have invested in equipment such as our Thermage® FLX system see attractive return profiles on their initial investment in our equipment. Today, we price an initial Thermage® FLX equipment sale and its associated consumables in such a way that a typical customer may expect to break even on a given equipment investment through end consumer procedures over a number of months, not years. (SLTA S1, 02/08/22)

- **Candela highlights significant revenue contribution from existing customers:** On its Q3 21 Conference Call, InMode represented over 70.0% of FY 21 US revenue was from new customers. In its S1 Filing, Candela Medical indicated 65.0% of FY 20 revenue came from existing customers highlighting the quality of its products and consumables, post-sales support services, and brand loyalty. While we acknowledge Candela has a larger installed base than InMode (nearly 44,000 devices as of 06/30/21), we believe the material revenue from existing clients relative to InMode highlights the benefits of a razor/razorblade type model.

> At least in the U.S., over 70% of our sales this year were to new customers. So as Shakil mentioned, most of our revenue is still coming from new customers. (CFO Mr. Yair Malca, Q3 21 Conference Call, 10/26/21)

> 65% of our total revenues in 2020 came from existing Candela customers, reflecting the quality of our products and consumables, post-sale support services, and brand loyalty. (CDLA S1 Filing)

Weak Utilization May Pressure System Sales & Extend Customer Payback Periods

Background on customer payback period and utilization: On its Q1 20 Conference Call on 05/06/20, the Company represented customers typically paid off their equipment in six to twelve months, but payback periods varied from two to three months to eighteen months depending on customer performance. In addition, on its Q3 20 Conference Call, the Company represented the only way for it to measure procedure demand was to track consumable sales (i.e. consumables provide read-through on utilization) and customers who performed two treatments per week on their system could pay the system back in seven to eight months.

> We've typically been able to see some physicians, who've paid off the equipment in 2 to 3 months and others that take 18 months. It depends on the physician, the practice and what they do and obviously, their staff. However -- and how aggressive they are in marketing. However, during this time, of course, it's going to be a little different. Now, overall, as an average, we typically see people pay these things off, anywhere between 6 to 12 months on average. (President of North America Mr. Shakil Lakhani, Q1 20 Conference Call, 05/06/20)

Background on equipment utilization analysis: The Company discloses its installed base and consumable units sold to date in its annual reports. As mentioned, the Company represented approximately 55.0% of its installed base required disposable/consumables to operate. We used the Company's installed base disclosure, consumables sold, and portion of installed base using consumables (i.e. 55.0%) to estimate consumables utilization per average installation. While we acknowledge (1) equipment installations may have been weighted to H2 21, (2) the portion of the installed base which uses consumables may have changed throughout the year, (3) certain consumables are multi-use, (4) utilization may ramp after installation, and (5) certain installations which use consumables may also be operated without consumables, we believe our analysis below provides an approximation of equipment utilization levels given Company commentary highlighting consumable sales were the only way for it to measure procedures.

[3] Solta Medical Corporation (SLTA) is a subsidiary of Bausch Health Companies, Inc. (BHC) that is being spun-off (discussed in more detail herein).

Limited consumables unit sales-per-system highlights potentially limited equipment utilization, in our view: In FY 21, the Company sold approximately 390,000 consumables and we estimate the Company had an average installed base of equipment using disposables of approximately 5,258.[4] Accordingly, we estimate consumables utilization-per-average installation using consumables was 74.2 per-year (i.e. 1.4 consumables per-week). While we acknowledge limited historical information, limited utilization visibility, and utilization may ramp over time, we are concerned average estimated equipment utilization of less than two consumables per week highlights limited utilization and installed base expansion challenges. Given commentary indicating customers break-even on their InMode systems in seven to eight months if they perform two treatments per week and we estimate the average customer only performed 1.4 treatments per week, we believe customer payback periods may be extended to the high end and/or beyond the guided range.

Utilization Analysis	FY 21
Average equipment installations	9,560
Portion using disposables (at midpoint)	55.0%
Average installation using disposables (Voyant estimate)	5,258
Consumables sold	390,000
Consumables utilization per avg. installation (Voyant estimate)	74.2

Installed base expansion and core customer saturation may extend average payback periods, in our view: On its Q1 20 Conference Call, the Company represented certain customers paid back their InMode system in two to three months, while others required eighteen months depending on utilization. In our view, the commentary highlights a wide range of customer utilization and payback periods. While we acknowledge there may be growth runway remaining, we are concerned InMode may have initially targeted its highest quality potential customers with high utilization and average customer utilization may decline as InMode continues to expand its installed base. Accordingly, we are concerned system payback periods may increase over time and/or new customer platform sales may be pressured.

High equipment ASP and limited utilization may pressure platform installation expansion, in our view: In FY 21, net new equipment installations were 4,080 and InMode recognized $319.2 million of capital equipment revenue. Accordingly, we estimate FY 21 capital equipment ASP increased 10.6% to $78,244.85. On its Q3 21 Conference Call, InMode represented it only attempted to sell additional equipment to existing customers once the customer was successful with the equipment. In addition, the Company represented certain devices were priced in the six-figure range. As mentioned, the Company indicated it priced its systems at a high price (i.e. not a razor/razorblade model). In our view, limited utilization (discussed above) may not justify the high equipment ASP. Accordingly, we believe installed base expansion with new and existing customers may be challenging.

> These are 6 figure devices. We definitely do go after our existing customers, but we do it once we know that they're successful, right. So it's a lot easier for them to reinvest in what we have. (President of North America Mr. Shakil Lakhani, Q3 21 Conference Call, 10/26/21)

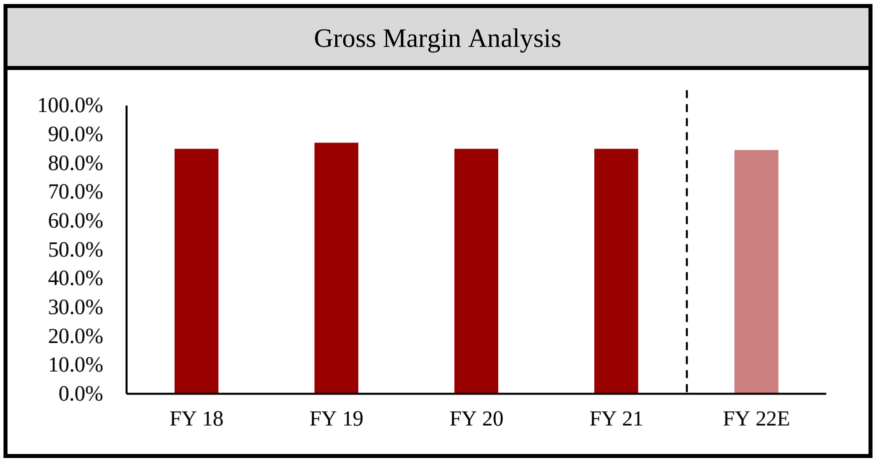
Capital Equipment ASP Analysis	FY 20	FY 21
Net new installations	2,620	4,080
Capital equipment revenue (in millions)	$185.3	$319.2
Capital equipment ASP (Voyant estimate)	$70,732.82	$78,244.85
Year-over-year change	--	*10.6%*

[4] We calculated the average installed base using FY 20 and FY 21 reported figures and multiplied the average by 55.0% to estimate the average installed base using consumables.

Gross Margin Strength Attributed To Cost & Pricing May Be Unsustainable

Background on gross margin: In FY 21, gross margin remained flat at 85.0%. The Company consistently highlights maintaining 85.0% gross margins as a "must" (most recently on the Q3 21 Conference Call). On its Q1 20 Conference Call, the Company attributed its high gross margin to its sophisticated manufacturing facility and cheaper manufacturing in Israel relative to the US, radio frequency energy being cheaper to produce compared to laser energy, the high price of its platforms, and its market position and patent protection.

> 85% gross margin for us is a must. It's not nice to have… we have 3 levels to ensure that. One, we manufacture in Israel in a very high sophisticated facility, and I'm sure that manufacturing in Israel is a little bit cheaper than manufacturing in the United States. Second … it costs about 50% to produce the RF compared to energy on the same level of energy… And the reason why we are able to charge high price is because once the technology is protected with several patents, second, it took us 6 years to get FDA approval. (CEO Mr. Moshe Mizrahy, Q1 20 Conference Call, 05/06/20)



InMode maintains gross margin materially above peers despite smaller patent portfolio: In FY 21, InMode gross margin was 85.0%, 2,390 basis points above the peer group average despite having a materially smaller US and international patent portfolio. While we acknowledge InMode's patents may be around technology that allows it to price products materially above peers, we believe it may be difficult for InMode to maintain gross margin materially above peers (discussed next).

Peer Gross Margin Analysis	Most Recent Full-Year Gross Margin	# of US Patents	# of International. Patents
InMode Ltd. (INMD)	85.0%	6	1
Apyx Medical Corporation (APYX)[5]	63.2%	39	27
Cutera, Inc. (CUTR)	57.6%	28	0
Venus Concept Inc. (VERO)[5]	65.9%	107	111
Candela Medical Inc. (CDLA)[5]	50.7%	130	0
Solta Medical Inc. (SLTA)[5]	67.7%	8	12
Peer group average	61.1%	62	30
INMD above/(below) peer group average	*2,400 bps*	*(90.4%)*	*(96.7%)*

[5] As of the date of this publication, APYX, VERO, CDLA, & SLTA had not yet filed FY 21 results, accordingly, we used the patent count and gross margin disclosure as of FY 20 for the purpose of this analysis.

We have the following observations about gross margin sustainability:

1. **US patent count decline and limited international patent protection highlights competitive risks:** In its FY 20 20F, the Company disclosed it had seven issued patents in the US and one in Korea. In its FY 21 20F, the Company disclosed it had six issued patents in the US and one in Korea. Accordingly, we believe the Company's US issued patents declined in FY 21. In addition, the Company disclosed it did not seek patent protection in all countries it sold products and acknowledged limited international patent protection may drive increased competition. We are concerned the disclosed US issued patents decline suggests the Company's patent protection may have deteriorated and competitive risk may be elevated. In addition, we are concerned limited protection outside the US may make high margin international expansion difficult (discussed herein). Accordingly, we believe the Company may face increased competition and may be unable to maintain materially above market pricing and gross margin levels.

   > To date, we have issued patents in the United States, which we consider to be our main target market, and one issued patent in South Korea. Most of our revenues for the years ended December 31, 2021, 2020 and 2019 were derived from the United States where we have patent protection. **We do not seek protection in all countries where we sell products and we may not accurately predict all the countries where patent protection would ultimately be desirable.** At this time, the countries in which we have not sought patent protection, but intend to offer our products for sale, are not our main target markets. **We acknowledge that competitors may use our technologies in jurisdictions where we have not obtained patent protection** to develop their own products and, further, may export otherwise infringing products to territories in which we do not have patent protection. Such activity may prevent us from protecting our proprietary technology, and thus, may harm our competitive position. (FY 21 20F) [emphasis added]

2. **Core customer saturation may drive pricing pressure, in our view:** As mentioned, we are concerned InMode may have initially targeted its highest quality potential customers with high potential utilization and average customer utilization may decline as InMode continues to expand its installed base. Accordingly, we are concerned payback periods may increase and the value new customers generate from InMode systems may decline over time. In our view, customer value proposition deterioration may drive pricing pressure. In addition, we are concerned the Company's high system price may be prohibitive for certain potential customers and the Company may be compelled to reduce prices to drive installations and gross margin may be pressured.

3. **Materially above-peer margins may be unsustainable in a competitive environment, in our view:** On its Q4 20 Conference Call on 02/10/21, the Company highlighted its novel radiofrequency technology differentiated its product portfolio from peers. In its FY 21 20F, the Company highlighted its differentiated minimally invasive radio frequency technology as a key strategic benefit. Throughout the course of our research, we identified a number of peers and disclosed competitors who also used radio frequency technology to breakdown adipose tissue and tighten skin, among other uses. While we acknowledge the Company may have patent protection for certain core technology and its systems may be differentiated in certain ways, we are concerned there may be numerous competitive products with similar capabilities. In our view, it may be difficult for the Company to maintain pricing/gross margins in a highly competitive environment.

   > Differentiated, RF energy-based technology simultaneously kills fat and tightens skin, overcoming the many shortcomings of traditional surgical, minimally and non-invasive aesthetic procedures. (FY 21 20F)

4. **Vague "special shipping" supply chain work-around may be unsustainable, in our view:** Previously, on its Q1 20 Conference Call, the Company highlighted it had three or four employees managing its entire logistics, supply chain, and manufacturing operations. On its Q4 21 Conference Call, when asked if the Company expected any near-term margin disruption in a challenging logistical environment, the Company acknowledged freight costs had surged but highlighted it was able to overcome freight cost inflation by "doing some kind of special shipping." In our view, the Company's commentary is vague and provides little insight into how it expects to maintain high gross margins despite material shipping requirements (products are manufactured in Israel and its primary market is the US). In our view, the Company's "special shipping" solution may be unsustainable and cost increases may pressure margins. While we acknowledge InMode may have expanded its supply chain team since Q1 20, a lean logistics team heightens our concerns about low shipping cost sustainability.

The supply chain is not improving. I don't say it's getting worse. But as we see now, the beginning of 2022, we still see some difficulties and we foresee that during 2022, it will continue. I can give you an example of logistic. A container from Israel to North America used to cost $3500, now the cost is $12,000. But we **managed to overcome it by doing some kind of special shipping in the lower cost**. (CEO Mr. Moshe Mizrahy, Q4 21 Conference Call, 02/10/22) [emphasis added]

5. **Persistent high gross margin product launches may be challenging, in our view:** On its UBS Global Healthcare Virtual Conference Call on 05/26/21, the Company guided for every product it develops to have an 85.0% gross margin. While we acknowledge the Company has historically maintained high gross margins on its products, we are concerned it may be challenging to persistently develop new products with outsized average gross margins. To the extent the Company makes margin concessions on new products to drive revenue growth, we would be concerned about margin sustainability.

   I know that many people asking how come we're doing 85% gross margin. But I said that before, it's a must for us. Every product that we develop and engineer must have 85% gross margin. (CEO Mr. Moshe Mizrahy, UBS Global Healthcare Virtual Conference Call, 05/26/21)

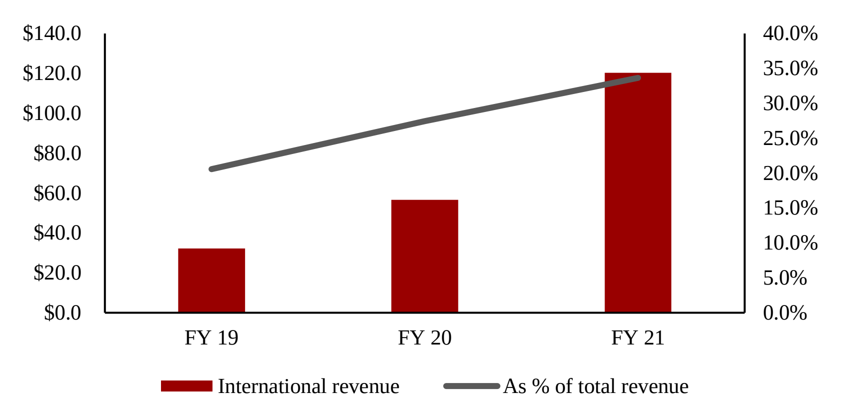
6. **Supplier relationship heightens our gross margin concerns:** In its FY 21 20F, InMode disclosed it outsourced almost all of its manufacturing to three subcontractors and it was "substantially dependent" on two, Flextronics Ltd. and (BY) Medimor Ltd. InMode indicated it invested $0.6 million in Medimor in November 2019, which reflected a 14.8% ownership interest on an as-issued basis and a 10.3% ownership interest on a fully-diluted basis as of the signing date. In our view, an ownership stake in a primary subcontractor may highlight a related party relationship and heightens our concerns about the Company's ability to maintain gross margin materially above peers.

   In November 2019, we signed a Share Purchase and Shareholders Agreement, or the SPA, with Medimor, one of our turnkey manufacturing subcontractors. Pursuant to the SPA, we have invested an aggregate of $600,000, in consideration for 1,369,863 ordinary shares of Medimor (which reflected a 10.34% ownership interest in Medimor at the signing date, on a fully diluted basis). (FY 21 20F)

International Revenue Growth Heightens Our Gross Margin Sustainability Concerns

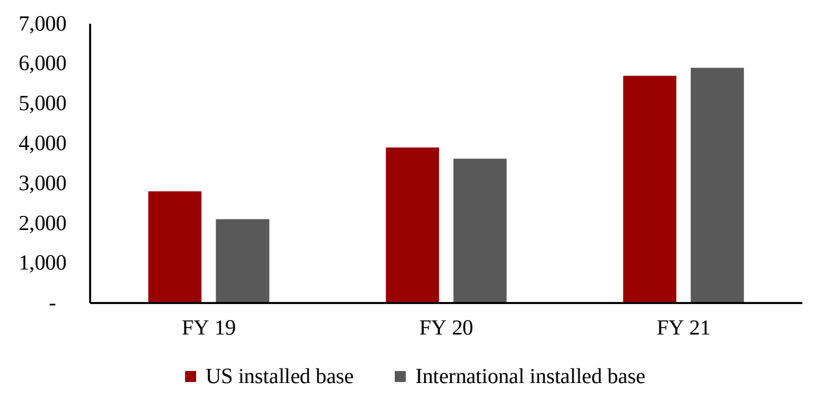
Background on international revenue penetration: In FY 21, international revenue (as a percent of total revenue) increased 112.5% (620 basis points) year-over-year to $120.3 million (33.6%). International revenue outgrew US revenue in each of the prior two years. In its FY 21 20F, the Company disclosed the US was its "main market" but guided to increase its sales presence to target global expansion.

International Revenue Analysis
($ in millions)



International growth drove installed base expansion: In FY 21, the US (international) installed base increased by 1,800 (2,280) systems to 5,700 (5,900). Accordingly, international accounted for 55.9% of FY 21 net system adds. In addition, the international installed base exceeded the US installed base for the first time in FY 21.

Installed Base Analysis



International growth may make industry-high gross margins difficult to maintain, in our view: Previously, on its Q1 20 Conference Call, the Company highlighted US equipment ASP was $120,000 to $130,000. In FY 21, we estimate equipment revenue-per-net installed base addition was $78,244. In addition, we estimate geographic revenue-per-net US (international) installed base addition was $131,8123 ($52,764).[6] While we acknowledge product mix and consumables and services geographic mix may impact total revenue-per-net installed base addition, we believe the material difference between US and international revenue-per-net addition suggests equipment ASP is likely significantly lower in international markets.[7] In our view, international growth at materially lower ASPs may make industry-high gross margins difficult to sustain. Our concerns are heightened given evidence of limited patent protection outside the US (discussed heretofore).

> The second thing, that determines the gross margin is, of course the pricing of the system. Since our platform average cost in the U.S. is between $120,000 to $130,000. (CEO Mr. Moshe Mizrahy, Q1 20 Conference Call, 05/06/20)

Revenue-Per-Installed Base Addition Analysis	FY 21
US revenue ($ in millions)	$237.3
US net installed base additions	1,800
US revenue-per-net installed base addition	$131,813
International revenue ($ in millions)	$120.3
International net installed base additions	2,280
International revenue-per-net installed base addition	$52,764
US above/(below) international	*149.8%*

International distribution sales heighten our growth margin sustainability concerns: Previously, on its Q4 20 Conference Call, the Company represented 85.0% of its sales were direct. On its Q3 21 Conference Call, the Company represented 81.0% of its sales were direct (i.e. distributor revenue contribution increased). Further, the

[6] The Company does not disclose equipment revenue by geography.
[7] Even if we conservatively assume all consumables and services revenue was from the US, US revenue-per-net add would still be 109.5% above international.

Company added 10 distributors in FY 21. Given the Company sells its products through a direct salesforce in the US, we believe all sales through distributors are international. In addition, in its Q4 21 Earnings Release, the Company attributed gross margin pressure to international penetration expansion in countries where it sells products through distributors. We are concerned lower margin third party distributor revenue penetration expansion driven by international growth may exacerbate margin pressure and our margin sustainability concerns are heightened.

> GAAP gross margin for the fourth quarter of 2021 was 85% compared to a gross margin of 86% in the fourth quarter of 2020. *Non-GAAP gross margin for the fourth quarter of 2021 was 85% and 86% for the fourth quarter of 2020. **This decrease was primarily attributable to the increase of sales in international markets, mainly in countries where we operate through distributors.** (Q4 21 Earnings Release)

Competitor IPO & Expansion Focus May Drive Market Share Pressure, In Our View

Background on Solta Medical and Thermage: In its FY 21 20F, InMode identified Bausch Health Companies Inc. (BHC, formerly Valeant) as a competitor. Bausch Health owns a portfolio of medical companies including Solta Medical Corporation (SLTA) which sells aesthetic/cosmetic medical devices under a number of brands including Thermage. Thermage launched the Thermage FLX System in 2018 which is a radio frequency therapy used to smooth, tighten, and contour skin. In FY 20, Thermage accounted for 83.3% of Solta Medical revenue.[8] In our view, the Thermage FLX System competes directly with InMode.

Solta Medical IPO may increase competitive investment, in our view: In its Press Release on 02/08/22, Bausch Health announced Solta Medical filed a registration statement with the SEC for a proposed IPO. Bausch did not disclose the number of shares to be offered or the price range for the offering. On its JP Morgan Annual Healthcare Conference Call on 01/12/22, Bausch Health highlighted there was "a lot of opportunity" to invest in Solta's business for continued market share gains and expansion into new markets. In our view, the Solta IPO may drive increased investor attention to Solta's business and may drive increased competitive investment.

Thermage revenue growth and share gain commentary highlights an elevated competitive environment: In the nine-months ended Q3 21, Thermage revenue increased 21.9% year-over-year to $170.2 million. In its S1 on 02/08/22, Solta disclosed consumables revenue related to the Thermage FLX system drove revenue growth. On its JP Morgan Annual Healthcare Conference Call on 01/12/22, Bausch Health highlighted Solta's strong performance and guided for strength to continue into Q4 21. In addition, Bausch represented the Thermage FLX device had gained share relative to its market opportunity and guided for share expansion to persist. We are concerned Thermage revenue growth and share gain commentary highlights an elevated competitive environment.

> So the big product **Thermage FLX, was launched sometime in 2018**. So we're still in the early innings, I use a baseball analogy of the Thermage FLX launch. So there's -- because **the product is doing extraordinarily well**, to be clear. We're still in early innings. And what do I think the opportunity for additional expansion is **we'll continue to gain patient share relative to the Thermage business opportunity** in the United States and Asia. Those places are doing very well, but I think there's still more opportunity there. (BHC CEO Mr. Joseph Papa, JP Morgan Annual Healthcare Conference Call, 01/12/22) [emphasis added]

Thermage Revenue Analysis ($ in millions)	9M Ended Q3 20	9M Ended Q3 21
Thermage revenue	$139.6	$170.2
Year-over-year change	--	*21.9%*

[8] As of the date of this publication, Solta Medical has not released FY 21 results. Solta's fiscal year ends on 12/31.

Product Development Delays/Discontinuations Highlight Production Difficulty

Persistently delayed dry eye and wrinkle correction handpiece development highlights production difficulty: In its FY 19 20F, the Company guided to bring its new handpiece to treat dry eyes and periorbital wrinkles to market in Q2 20. In its FY 20 20F, the Company extended its guidance to FY 21. In its FY 21 20F, the Company further extended its guidance to bring its new handpiece to market in FY 22. In our view, persistent product launch delays highlight production difficulty and our concerns it may be difficult to continue to develop products with materially above industry gross margins are heightened.

> Our new handpiece to treat dry eye and periorbital wrinkles is currently in an in-office ex vivo preclinical evaluation. We expect to introduce our new product platform for ophthalmologists comprising of three handpieces (AccuTite, Morpheus8 and our new dry eye and periorbital wrinkles treatment handpiece) **to the market during the second quarter of 2020**. (FY 19 20F) [emphasis added]

> Our new handpiece to treat dry eye and periorbital wrinkles is currently in clinical trials. We plan to introduce our new product platform for ophthalmologists comprised of three handpieces (AccuTite, Morpheus8 and our new dry eye and periorbital wrinkle treatment handpiece) **to the market in 2021**. (FY 20 20F) [emphasis added]

> Our new handpiece to treat dry eye and periorbital wrinkles is currently in clinical trials. We plan to introduce our new product platform for ophthalmologists comprised of three handpieces (AccuTite, Morpheus8 and our new dry eye and periorbital wrinkle treatment handpiece) **to the market in 2022**. (FY 21 20F) [emphasis added]

Disclosure removal suggests the Evoke system may have failed to achieve dental indication, in our view: In its FY 20F, the Company highlighted its Evoke system had positive results with patients who suffered Temporomandibular Joint Disorders (TMJ). The Company highlighted it presented its preliminary findings at a dental conference and guided to continue with further clinical studies to achieve this indication. The disclosure around potential Evoke TMJ treatment was removed in the FY 21 20F. Accordingly, we are concerned the Evoke system may have failed to achieve this dental application indication and our concerns around product development difficulty are heightened.

> For dentists, our Evoke system, which has FDA indication for pain relief and increased blood circulation, has positive results with people who suffer from TMJ (Temporomandibular Joint Disorders) based on preliminary clinical studies. We presented the Evoke system and our preliminary findings at a dental conference, and will continue further clinical studies on this indication. (FY 20 20F)

Supplier Advances & Off-Balance Sheet Commitments May Mask Inventory Glut

Background on inventory and manufacturing: In its FY 21 20F, the Company disclosed it outsourced "almost all" of its manufacturing to three subcontractors. In addition, the Company disclosed its two "main" subcontractors were Flextronics Ltd. and (BY) Medimor Ltd. The Company highlighted outsourcing allowed it to carry low inventory levels and maintain fixed unit costs without significant capex.

> We rely primarily on outsourced manufacturing to produce our devices while maintaining control over the production process. Outsourcing allows us to carry low inventory levels and maintain fixed unit costs without incurring significant capital expenditures. We outsource almost all of the manufacturing of our products to three subcontractors located in Israel, two of which we are substantially dependent on as part of our business. (FY 21 20F)

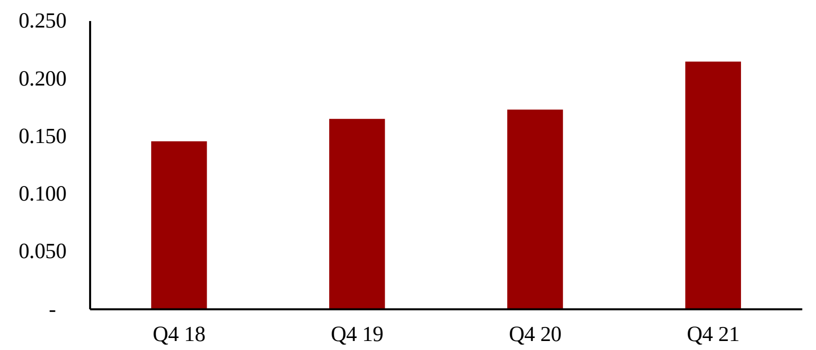
Elevated finished goods levels highlight overestimated demand, in our view: In Q4 21, finished goods-to-next quarter revenue surged 24.0% year-over-year to 0.215, the highest seasonal level in at least four years.[9] In its FY 21

[9] The Company only discloses inventory mix in its Annual Reports. We used Q1 22 revenue based on consensus estimates as of the publication date.

Annual Report, the Company attributed the inventory increase to meet anticipated demand. In our view, elevated inventory-to-next quarter revenue suggests demand may not rationalize elevated inventory levels and the Company may have overestimated demand.

> An increase of $6.0 million in inventory to meet growth in anticipated sales. (FY 21 20F)

Inventory Analysis
(finished goods-to-next quarter revenue)



Background on other receivables and advances to suppliers: Prior to its FY 21 20F, the Company did not disclose the composition of other receivables. In its FY 21 20F, the Company disclosed other current receivables included advances to suppliers, prepaid expenses, receivables from government institutions, income tax receivables, and other. We believe advances to suppliers relates to inventory purchase commitments and/or prepayments. Accordingly, we analyzed inventory adjusted for advances to suppliers below.

Elevated inventory levels inclusive of advances to suppliers may portend margin pressure, in our view: In FY 21, advances to suppliers surged 339.4% year-over-year to $7.2 million. We estimate baseline inventory (including advances to suppliers)-to-next-quarter revenue surged 39.0% year-over-year to 0.353. In its FY 21 20F, the Company represented it increased advances to suppliers to meet anticipated sales growth. Given other receivables have historically remained below $4.0 million, we believe supplier advances have historically not been material.[10] **Accordingly, we are concerned the material inventory adjusted for advances to suppliers surge suggests advances to suppliers may mask a portion of the inventory build and our overestimated demand concerns are heightened.**

> An increase of $6.4 million in other receivables due to an increase in advances to suppliers to meet growth in anticipated sales. (FY 21 20F)

Advances To Suppliers Analysis ($ in millions)	FY 20	FY 21
Advances to suppliers	$1.6	$7.2
Inventory	$15.0	$21.0
Baseline inventory (Voyant estimate)	$16.6	$28.2
Year-over-year change	--	*69.8%*
Baseline inventory-to-next quarter revenue	0.254	0.353
Year-over-year change	--	*39.0%*

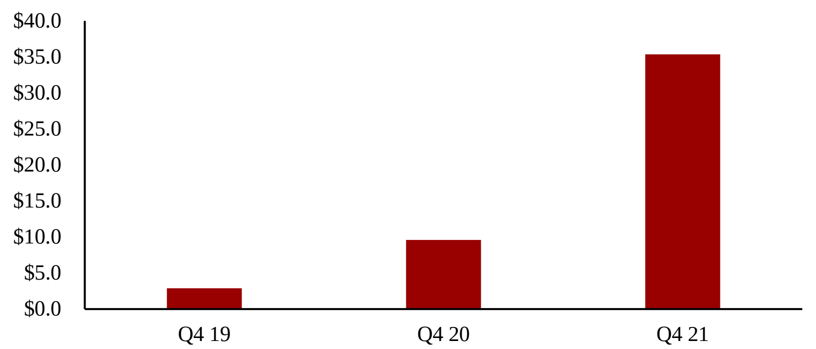
Subcontractor inventory and open orders highlight off-balance inventory build: In its FY 21 20F, the Company disclosed it provided subcontractors with a six-month rolling demand forecast and was obligated to

[10] The Company did not disclose the makeup of other receivables until its FY 21 20F.

compensate the subcontractor for non-returnable/un-cancelable inventory and purchases. In Q4 21, subcontractor inventory and open orders surged 268.8% year-over-year to $35.4 million. In our view, an advances to suppliers and sub-contractor inventory level surge may mask a material inventory glut. Given InMode is compelled to compensate subcontractors for committed inventory, we believe inventory write-off risk may be elevated.

> According to the agreements above, the Company does not have a minimum order obligation, but the Company provides the subcontractors a six-month rolling forecast with the projected demand for products. In case of termination of the agreement with each subcontractor, the Company has to compensate that subcontractor for non-returnable inventory, materials in orders that cannot be cancelled and finished products inventory. (FY 21 20F)

Sub-Contractor Inventory Analysis
($ in millions)



Ownership stake in sub-contractor heightens our concerns about masked balance sheet inventory: As mentioned, InMode invested $0.6 million in Medimor, one of InMode's primary subcontractors, in November 2019, which reflected a 10.3% ownership interest on a fully-diluted basis as of the signing date. In our view, an ownership stake in a material subcontractor may allow InMode discretion over inventory receipt timing and may allow InMode to maintain material levels of off-balance sheet inventory.

Elevated Receivable Levels May Portend Revenue Pressure, In Our View

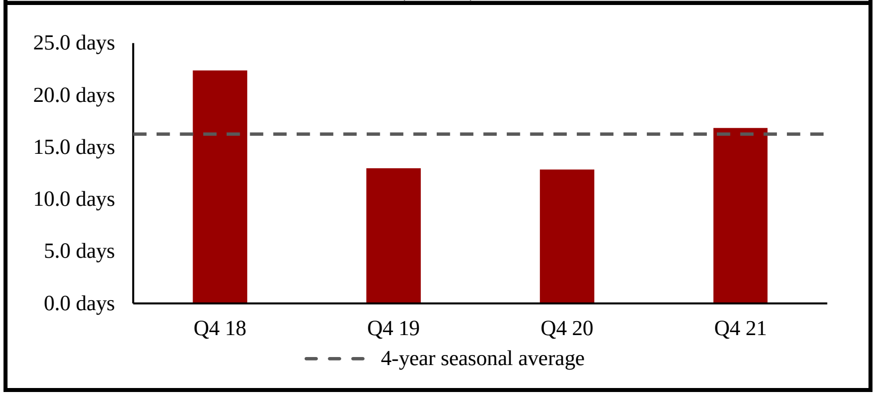
Background on distribution: The Company sells its products through a direct sales force as well as through third party distributors. On its Q3 21 Conference Call, the Company represented 81.0% of its global sales were direct. In its FY 21 20F, the Company disclosed it had 49 third party distributors.

> As of December 31, 2021, we sell and market our products in the United States, Canada, United Kingdom, Spain, India, Australia and France, through a direct sales force of approximately 170 representatives. We also sell and market our products through 49 distributors in 61 countries. (FY 21 20F)

Elevated DSOs may reflect a distributor sell-in, back-end weighted quarter, and/or extended credit terms: In Q4 21, receivables surged 92.7% year-over-year to $20.2 million, while revenue increased 47.0% to $110.5 million. Accordingly, DSOs increased 31.1% to 16.8 days, the highest level in three years. In its FY 21 20F, the Company attributed the receivable increase to an increase in sales through distributors. In our view, the receivable level build and commentary about increased distributor sales suggests (1) channel inventory may be elevated (e.g. new distributor sell-in), (2) a back-end weighted quarter, and/or (3) extended direct sales credit terms. In any case, we would be concerned about revenue sustainability.

> An increase of $10.6 million in accounts receivable due to an increase in sales through distributors. (FY 21 20F)

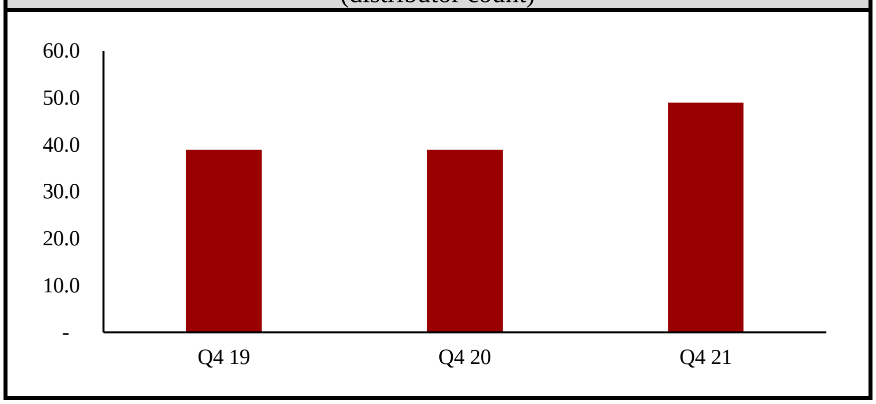
Seasonal Receivables Analysis
(DSOs)



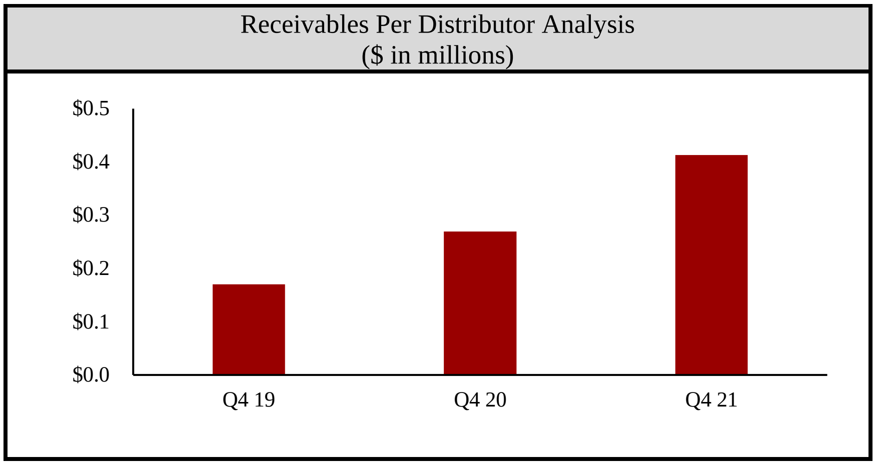
Distributor count expansion heightens our concerns about an initial distributor sell-in: In FY 21, the Company's distributor count increased 25.6% to 49 distributors. In its FY 21 20, the Company attributed European revenue growth, in part, to distributor expansion. We are concerned the initial sell-in to new distributors may have driven a one-time revenue growth benefit and our concerns about elevated channel inventory are heightened.

> An increase of $20.7 million in Europe due to an increase of distributors and an increase in patient and physicians awareness in the region. (FY 21 20F)

Distributor Analysis
(distributor count)

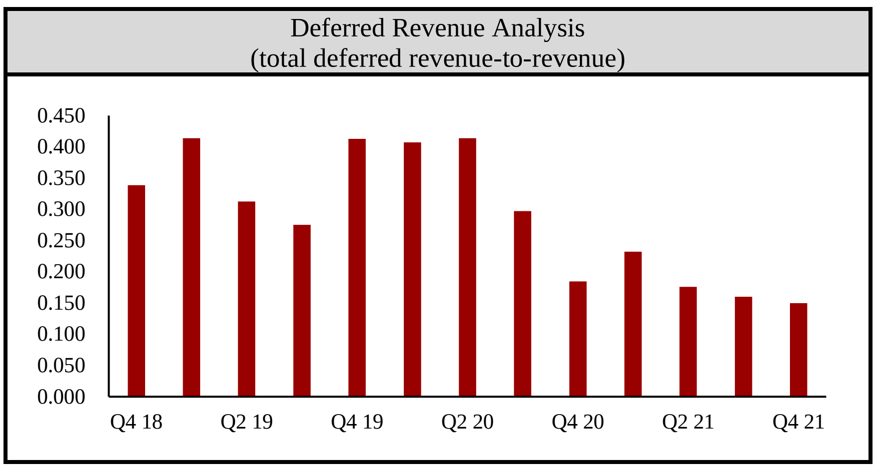


Receivables per distributor build heightens our concerns and/or may indicate extended direct sales terms: In Q4 21, receivables per distributor surged 53.4% year-over-year to $0.4 million, from an elevated base (surged 58.4% in Q4 20). While we acknowledge certain receivables relate to direct sales, we believe a persistent receivables per distributor build highlights (1) elevated channel inventory and/or (2) a back-end weighted quarter.



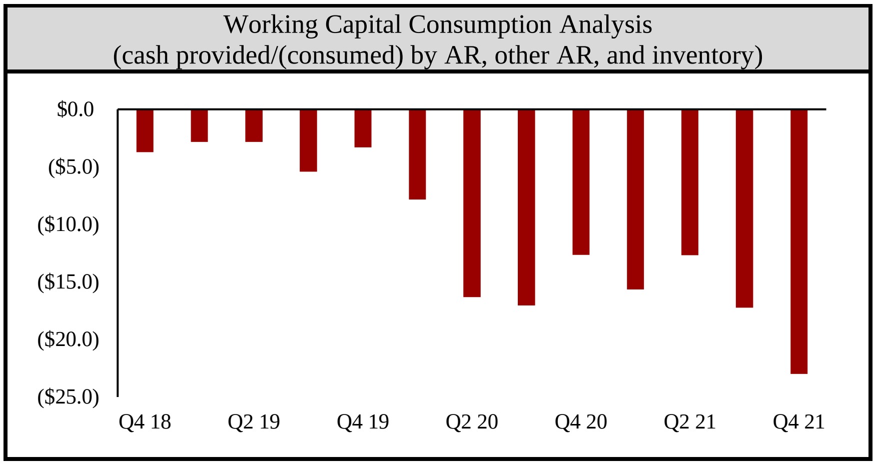
Deferred Revenue Decline May Portend Revenue Pressure, In Our View

In its FY 21 20F, the Company disclosed contract liabilities (i.e. deferred revenue) relates to payments for long-term maintenance contracts ("Extended Warranty") recognized ratably over the term of the contract. In Q4 21, deferred revenue increased 19.2% year-over-year to $16.6 million, while revenue increased 47.0% to $110.5 million. Accordingly, deferred revenue-to-revenue declined 18.9% year-over-year to 0.150. The Company did not discuss deferred revenue levels on its Q4 21 Conference Call or in its FY 21 20F. We are concerned depressed revenue levels may portend revenue pressure.



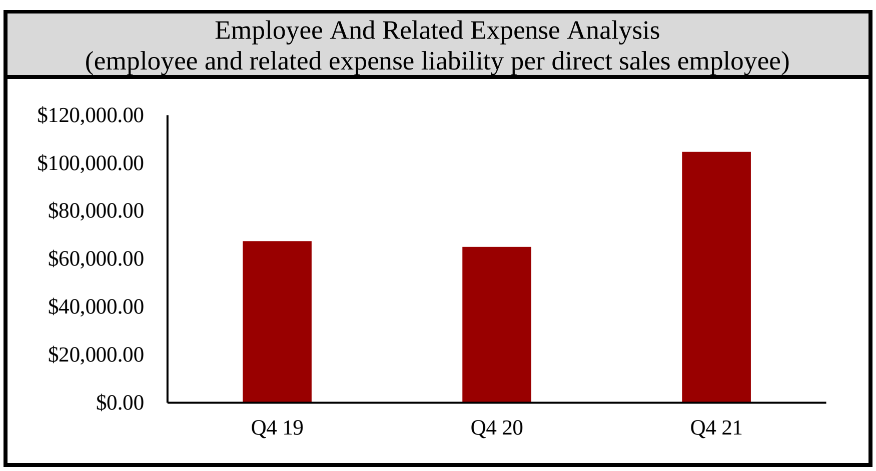
Elevated Working Capital Consumption Heightens Our Earnings Sustainability Concerns

Elevated working capital consumption heightens our earnings sustainability concerns: In Q4 21, cash consumed by receivables, other receivables, and inventory surged 81.9% year-over-year to $23.0 million. Elevated working capital consumption heightens our earnings sustainability concerns.



Cash provided by employee and related expense liabilities may be unsustainable, in our view: In Q4 21, twelve-month cash provided by other current liabilities surged 192.7% year-over-year to $14.1 million. In its FY 21 20F, the Company attributed the increase to employee and related expenses due to the expansion of its direct sales team and an increase in sales at the end of FY 21. In Q4 21, employee and related expense liabilities surged 77.7% year-over-year to $17.8 million, while direct sales employees increased 10.4% to 170 direct sales employees. Accordingly, employee and related expense liabilities per direct sales employee surged 61.0% to $104,747. In our view, an employee and related expense liability per direct sales employee build suggests direct sales headcount expansion may not explain the other current liability build. We are concerned elevated accrued employee expenses per employee and commentary highlighting increased sales at the end of the FY 21 suggest the period may have been back-end weighted. Accordingly, our elevated channel inventory and revenue sustainability concerns are heightened. In addition, we are concerned the other current liability increase may have provided an unsustainable cash flow benefit as accrued employee related expenses will likely be paid in Q1 22.

> An increase in other liabilities of $14.1 million, primarily in employee and related expenses due to expansion of our direct sales organization **and increase in sales at the end of 2021**. (FY 21 20F) [emphasis added]

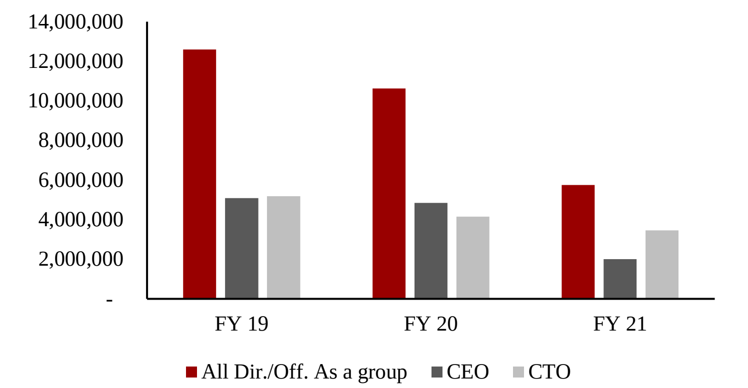


Insider Selling Drives Material Director/Executive Beneficial Ownership Decline

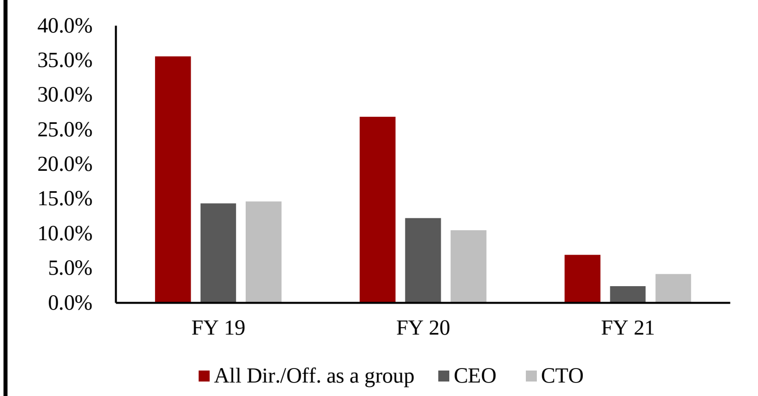
Persistent insider selling and reduced director/executive beneficial ownership heightens our concerns: In its FY 21 20F, the Company disclosed shares owned by all directors and officers as a group declined 45.9% year-over-year to 5,746,426. In addition, the beneficial ownership of all directors and officers as a percent of total shares outstanding declined 1,990 basis points to 6.9%, from a depressed base (declined 870 basis points in FY 20).

Persistent insider selling and reduced director and officer beneficial ownership levels highlights reduced shareholder incentive alignment and heightens our earnings sustainability concerns.

Insider Share Ownership Analysis
(shares owned)



Insider Beneficial Ownership Analysis
(as % of total shares outstanding)



COVID-19 Driven Treatment Timing Shift Highlights Growth Sustainability Risk

In FY 21, revenue grew $151.5 million to $357.6 million. However, on its Q3 21 Conference Call, the Company represented at least $30.0 million to $35.0 million of FY 21 growth was related to postponed FY 20 treatments. Accordingly, we estimate postponed FY 20 treatments accounted for 21.5% of FY 21 revenue growth. In our view, the commentary suggests the Company may have received an unsustainable benefit and normalized new equipment placements and utilization excluding the impact may be materially lower.

> I would say that in 2020, we grew from $156 million to $206 million, that's about $50 million in 2020. But we all need to remember that, that was a COVID year. I believe that if we want to normalize 2020, I would say that at least $30 million or $35 million from 2021 belong to 2020. (CEO Mr. Moshe Mizrahy, Q3 21 Conference Call, 10/26/21)

Postponed Treatment Benefit Analysis ($ in millions)	FY 21
Revenue growth	$151.5
Revenue benefit related to postponed FY 20 treatments (at midpoint)	$32.5
Portion of revenue growth related to postponed treatments (Voyant estimate)	21.5%

Conclusion

We are concerned InMode's aversion to the industry-standard razor/razorblade model may limit its recurring revenue opportunity as system installed base saturation increases. In addition, we are concerned competitor razor/razorblade pricing (i.e. low system price to incentivize adoption and higher consumable pricing) may incentivize installation and expansion relative to InMode. In our view, evidence of limited equipment utilization may pressure system sales and deter expansion. We are concerned materially above peer-group gross margins may be unsustainable given limited international patent protection, a highly competitive environment, unsustainably low shipping costs, and a related party subcontractor relationship. Our margin concerns are heightened given international/distributor revenue penetration expansion and evidence equipment is sold for materially less in international markets. In our view, a competitor IPO may increase competitive investment. Our concerns are heightened given competitor growth/share expansion. We are concerned persistent product development delays highlight product development challenges. We are concerned elevated finished goods levels highlight overestimated demand. Elevated supplier advances and committed subcontractor inventory heighten our concerns and may mask a portion of the inventory increase. In our view, elevated DSOs and distributor count expansion highlight (1) an initial distributor sell-in (i.e. elevated channel inventory levels), (2) a back-end weighted quarter, and/or (3) extended credit terms. Depressed deferred revenue, elevated working capital cash consumption, and persistent insider selling heighten our earnings sustainability concerns. **We are initiating INMD on *The Short List*.**

Risks to Our Thesis & Valuation

Recurring Consumable Revenue, Global Expansion, & Technology Development

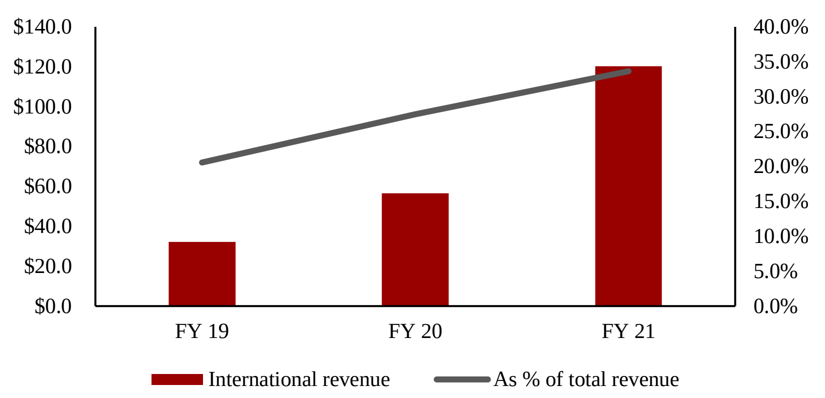
Improved utilization drives recurring revenue: As mentioned, the Company guided for consumables revenue to ramp over time as it builds its installed base and further penetrates its existing customers. On its Q4 21 Conference Call, the Company guided to only launch products with a consumable component going forward. In addition, in its FY 21 20F, the Company guided for recurring revenue to increase over time as it expands its support services and customers enter into extended warranties.

> We will not design additional platforms without any disposables. (CEO Mr. Moshe Mizrahy, Q4 21 Conference Call, 02/10/22)

International expansion: In FY 21, international revenue (as a percent of total revenue) increased 112.5% (620 basis points) year-over-year to $120.3 million (33.6%). In its FY 21 20F, the Company guided to establish a sales and marketing organization and a network of exclusive distributors in Europe, enhance its network of exclusive distributors in Latin America, establish a direct sales presence in China, and enhance its network of distributors in Asia-Pacific to expand and penetrate its global addressable market.

> We plan to continue to expand our direct sales organization and our distribution network and seek to recruit and train exceptionally talented sales representatives in existing and new markets to help us broaden the adoption of our products, drive further market penetration and expand beyond our traditional customer base. (FY 21 20F)

International Revenue Analysis
($ in millions)



Leverage existing technology in new applications and expand IP portfolio: In its FY 21 20F, the Company highlighted it launched two new product platforms in FY 21, the EmpowerRF and the EvolveX, which replaced the Company's Evolve platform. The Company guided to leverage its existing technology and research and development pipeline to expand into new applications. In addition, the Company guided to expand its IP and patent portfolio over time and to aggressively defend its IP against competitor infringement.

> We introduced two additional product platforms in 2021, the EmpowerRF and EvolveX, which replaced our Evolve platform. (FY 21 20F)

Valuation Analysis

As of the date of this publication, InMode shares traded at 16.5 times next twelve-month earnings expectations.

NTM P/E Valuation Analysis	Publication Date	1Y Ago	2Y Ago
InMode Ltd. (INMD)	16.5x	30.3x	10.7x

Disclaimer and Disclosure

This report was produced by Voyant Advisors, LLC ("Voyant"). The following Research Analysts employed by Voyant contributed to this report: Graeme Lazarus, Dayne Burzinski, Miles Trevelyan, and Ryan DesJardin. Voyant's home office is at 15373 Innovation Dr, Suite 365 San Diego, CA 92128. The firm's home office is where information about the valuations herein are located, unless otherwise indicated in the report.

At the time of this report, Voyant expects to provide updates on a quarterly or semi-annual basis depending on the frequency of when the above company discloses material financial results. We will cease providing updates if we are discontinuing research coverage as disclosed on the front page of this report in the Thesis Summary.

Voyant has not provided previous recommendations concerning the same financial instrument or issuer during the preceding twelve-month period.

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